

## **Module 3 – Chapter 11 – Bearish Abandoned Baby**

The Bearish Abandoned Baby is a significant and dependable candlestick reversal pattern, signaling a potential top in the market. While it's a rarer pattern, its appearance is a strong indicator of a changing tide in investor sentiment, shifting from bullish to bearish. This pattern can be seen as a counterpart to the Bullish Abandoned Baby, but it typically forms at the end of an uptrend.

### **What The Pattern Looks Like**

The Bearish Abandoned Baby consists of three distinct candles:

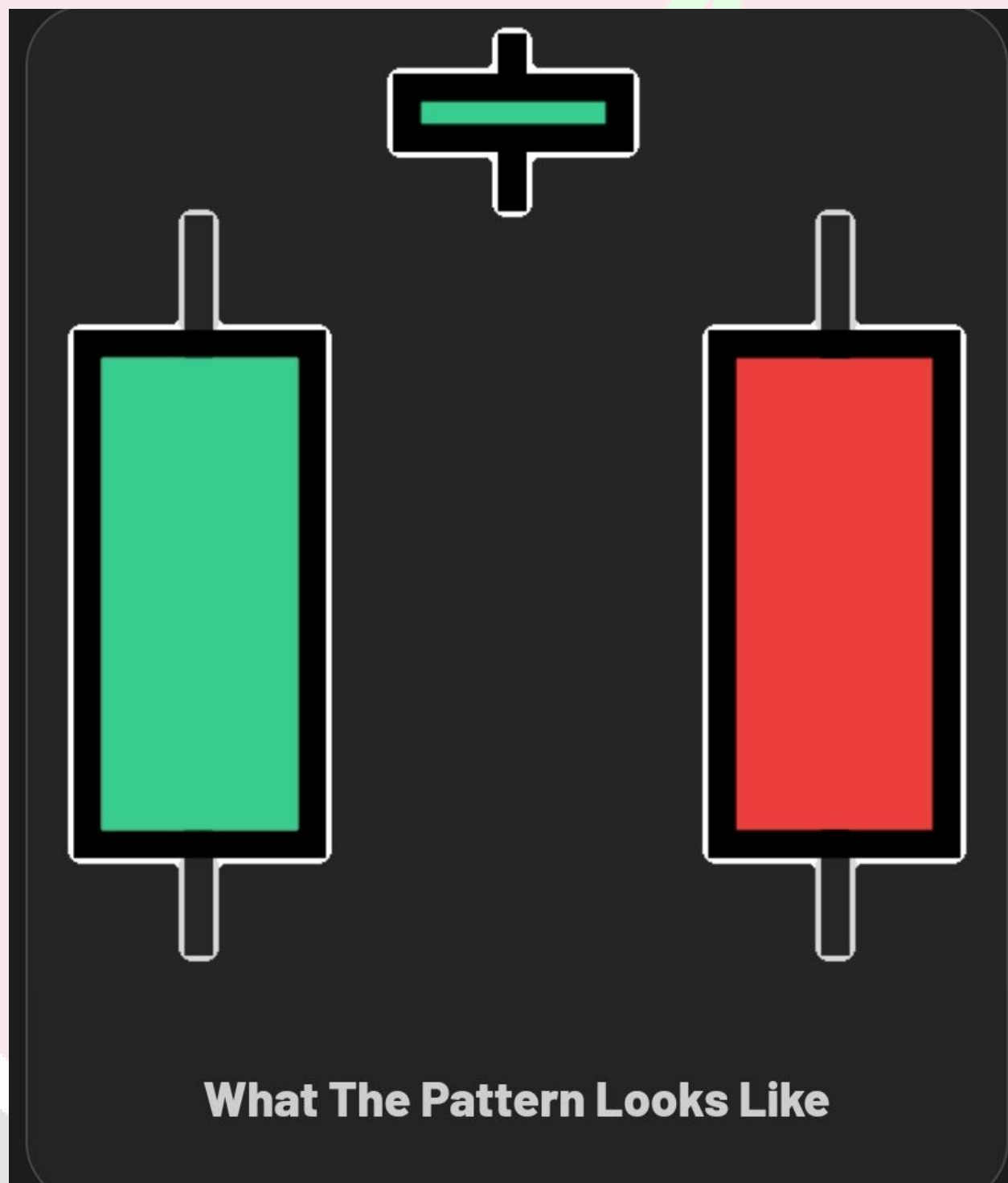
- 1) A long bullish (green) candle, reflecting a continuation of the prevailing uptrend.
- 2) A small Doji candle that gaps above the close of the previous bullish candle. The Doji, in this position, represents a state of market indecision and does not overlap with the preceding day's trading range.
- 3) A long bearish (red) candle that gaps below the close of the Doji, showcasing a strong reversal and potential initiation of a new downtrend.


- 4) Visually, the pattern paints a picture where the "baby" (Doji) is left abandoned, separated from the trading action of the days before and after.

## Pattern Psychology

The underlying psychology of the Bearish Abandoned Baby pattern mirrors a dramatic change in market dynamics:

- 1) **First Candle:** The bullish momentum is in full swing, with buyers pushing the price higher, resulting in a pronounced bullish candle.
- 2) **Second Candle (Doji):** The market, after opening with a gap up from the previous session's close, starts to show signs of hesitation. Neither the bulls nor the bears dominate the session, leading to a Doji. This candle hints at the potential exhaustion of the bullish momentum and suggests that a turning point may be near.
- 3) **Third Candle:** The subsequent bearish candle opens with a gap down, underscoring the sudden return of the bears. This shift indicates that the bulls have lost their previous dominance, and the bears are now in control, driving prices lower. The resulting bearish candle confirms the reversal from the uptrend.





In essence, the Bearish Abandoned Baby pattern narrates a story of bullish fatigue, a pause in market conviction, followed by a bearish takeover. Spotting this pattern can give traders an early warning of a potential bearish reversal after a sustained uptrend.

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